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FISCAL IMPACT STATEMENT

LS 6972

BILL NUMBER: SB 500

NOTE PREPARED: Jan 26, 2015

BILL AMENDED:

Subject: Education Deregulation.

FIRST AUTHOR: Sen. Miller Pete

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *School Administration:* This bill makes comprehensive revisions to the Indiana Code relating to all aspects of the administration of schools and school corporations and the education of students from prekindergarten through grade 12.

Repealers: The bill repeals various obsolete provisions and provisions that limit local control of schools.

Reporting Committee: The bill establishes Committee on School Data Reporting to review all reporting requirements by the state for schools.

Public Information: The bill authorizes public agencies to charge a search and detection fee of \$20 per hour for certain public information requests. It also expands the list of items for which a state agency may not impose a fee under the public records law, and further regulates the public records fees that state agencies may charge.

Labor: The bill repeals a provision allowing the Commissioner of the Department of Labor to adopt rules to require certain employers to make and maintain records of and make reports on work related deaths, injuries, and illnesses.

Public Works: The bill removes a requirement that a local government authority awarding a public work contract to a bidder other than the lowest bidder must state in the authority's minutes or memoranda the factors used to determine the bidder awarded the contract.

School Accreditation: The bill provides that school accreditation is optional for schools.

The bill makes conforming and technical amendments.

Effective Date: Upon passage; June 30, 2015; July 1, 2015.

Explanation of State Expenditures: *Labor:* The bill changes the entity that issues employment certificates from school corporations to the Department of Labor. The bill could have an impact on the Department of Labor. The bill is projected to increase the Department of Labor's expenditures by about \$560,000 the first year and \$260,000 for the following years. There were 55,953 employment certificates issued in 2013.

Study Committee: This bill urges the Legislative Council to assign to the Education Study Committee the following study topics: (1) whether definitions used to reference all school entities through IC 20 should be revised or redefined; and (2) whether changes are necessary relating to public meeting requirements contained in IC 20. If the committee were to hold additional meetings to address this topic, there would be additional expenditures for legislator per diem and travel reimbursement for the committee members. Any additional expenditures must be within the committee's budget, which is established by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members.

School Accreditation: The bill could reduce state accreditation expenditures depending on how many schools choose not to participate in the voluntary accreditation program. The Department of Education (DOE) has issued 2,114 accreditation ratings to public and nonpublic schools. Accreditation is predominately determined by performance for the previous academic year. Compliance with legal standards is also considered.

School Administration: The DOE would not have to review plans or specifications for the construction, alteration, or repair of school buildings. The savings to the state is probably minor.

The bill also removes the requirement that the DOE collect suspension and expulsion statistics. The reduction in state expenditures should be minor.

Reporting Committee: The bill establishes the Committee on School Data Reporting to review all reporting requirements by the state for schools. The committee would consist of 5 members: the State Superintendent of Public Instruction; a member of the State Board of Education; a school corporation administrator; a representative of school boards; and a school business official. The committee is to meet at least once every 6 months, and the members are eligible to receive per diem and travel expenses. The expenses are paid from the State Board of Education's appropriation and would probably be under \$10,000 a year. After June 30, 2015, the DOE may not require schools to submit data that has not been reviewed by the committee and approved by the State Board of Education. The State Board is required to report to the Governor and General Assembly on school data collection by state agencies and actions needed to improve the collection of data.

Instruction Time: This bill changes the 180 instruction day requirement to 54,000 minutes of instructional time for grades 1-6 and 64,800 minutes of instructional time for grades 7-12. The provision should have no state fiscal impact.

School Formula: The bill extends the current school formula until June 30, 2017, but it does not specify the foundation amount for the formula calculation for FY 2016 and FY 2017 or describe how the complexity grant would be calculated. The bill also removes the calculation of how students who are dually enrolled in

public and private schools are counted in a school's ADM. The school formula distributes about \$6.6 B of funding to schools annually.

Estimated Free Textbook Assistance : The bill removes the requirement that a school not requesting textbook reimbursement has to submit an estimate of the percentage of students who could be eligible for reimbursement. The impact would depend on future school formulas. The current formula uses the percentage of students eligible for free textbooks in the calculation of the complexity grant. For FY 2015, approximately 11 school corporations submitted estimates and received about \$10 M in complexity grants.

School Bus Advertisement: The bill requires the State School Bus Committee to adopt rules that provide for paid advertisement on school buses. The committee should be able to adopt the rules within its current resources.

Explanation of State Revenues: *Public Information*: The bill provides that public agencies may charge search fees for public records if the search exceeds two hours. The amount of the fee would be equal to the lesser of the hourly rate of the person making the search or \$20 per hour. Public agencies would not be able to charge for computer processing time or establish a minimum fee for a search. This provision could increase revenue for public agencies.

PERF and TRF : The bill removes the requirement that schools provide membership information to the Public Employees Retirement Fund (PERF) or Teachers Retirement Fund (TRF) quarterly. The bill could reduce reporting costs.

Explanation of Local Expenditures: *School Administration*: The bill could reduce administrative expenses of schools. It is unknown how much the total reduction might be. The bill makes the following changes:

1. Makes the residency requirement to serve on a school board 1 year. Currently it is one year unless a longer period is required by law.
2. Removes a school corporation from the definition of a government unit as it relates to the employing of a person guilty of a felony or misdemeanor involving an election for an office.
3. Removes the requirement that each school establish a School Safety Committee.
4. Adds notices posted on an Internet website maintained by a school corporation or charter school to the definition of qualified publication for public notices.
5. Removes the following items from the school annual report:
 - a. The salary schedule for all certified employees with number of employees at each increment.
 - b. The extracurricular salary schedule.
 - c. The number of students enrolled in each grade and total enrollment.
 - d. The tax rate for each fund for the current and prior calendar year.
 - e. The percentage of grade 8 students enrolled in algebra 1.
 - f. School safety, including, the number of students receiving suspension or expulsion for the possession of alcohol, drugs, or weapons.
 - g. Technology accessibility and use of technology in instruction.
 - h. The number and percentage of each of the following in the school corporation: teachers who are certified employees; teachers who teach the subject area for which the teacher is certified and has license; and teachers with national board certification.
 - i. The number of student drivers' licenses revoked.
6. Clarifies that certain provisions of the public depository law do not apply to school corporations.
7. Clarifies that several of the statutes dealing with political units do not include school corporations.
8. Simplifies the process for a school to purchase computer equipment from a service center.

9. Removes the requirement that funds received by an education foundation from education license plate fees have to be paid to the school corporation within one year.
10. Removes the requirement that a school corporation report all instances of a student being left on a school bus to the DOE within 5 days of the incident.
11. Allow schools to get medical information on a patient it will assist in meeting the educational needs of the patient.
12. Removes the requirement that schools report suspension and expulsion statistics.
13. Removes the authority for DOE to require a particular policy be included in a school's chronic absence reduction plan.
14. A school corporation and a charter school would be allowed to provide goods, facilities, services, or other consideration through an interlocal agreement.
15. Removes the requirement that school corporations make unused school buildings available to charter schools for lease or purchase.
16. Removes the requirement that curricular materials selected by the governing body are for 6 years or the date set by the State Board of Education.
17. Removes the requirement that a school bus loan cannot be for more than 6 years.
18. Removes a requirement that school bus contracts must be in writing.
19. Removes the requirement that principals prepare and collect attendance records of school bus drivers who attend safety meetings or workshops and make a report to the State Superintendent.
20. Removes a requirement that schools have to provide teachers with a printed copy of a salary schedule if a new schedule is adopted.
21. Changes the process for teacher termination.
22. Changes the weight for attainment of additional degrees in the calculation of a teacher's salary increase or increment that would be determined by the corporation.
23. Makes the suspension process the same procedure as the termination process.
24. Removes the provision that schools have to formally bargain collectively for 60 days before an impasse can be declared.
25. Removes the November 1 deadline for collective bargaining.
26. Allows school corporations to determine summer school content and curriculum instead of the State Board.
27. Removes the requirement that the State Board Performance and Awards and Incentive award cannot be used for salaries or athletics.
28. Removes the requirement that a parent and school principal must be present at an exit interview when a student drops out of school.
29. Removes the requirement that a school principal submit a list of the students that withdraw from school.
30. Changes the entity that issues employment certificates from school corporations to the Department of Labor.
31. Removes the requirement that school corporations establish a written policy or plan concerning seclusion and restraint of students.
32. Continues to require rules prohibiting bullying, but removes some of the requirements that must be in the rules.
33. Removes requirements that schools report vision screening test results to the state.
34. Clarifies the definition of a student with a disability.
35. Removes the required components of the school plan to provide an appropriate educational experience to high ability students.
36. Removes the requirement that a referendum fund levy be limited to 7 years.
37. Removes the requirements for a transportation fund levy appeal.

38. Removes the requirement for schools to post a plan for reorganization or any amended plan for reorganization on an Internet website.
39. Removes the requirement that law enforcement officers notify public and nonpublic schools if a student is arrested for an alcohol related offense.
40. Requires juvenile courts to grant a school access to all or a portion of juvenile court records if a school submits a written request; this is currently a may provision.

PERF and TRF: The bill removes the requirement that schools provide membership information to the PERF or TRF quarterly. The bill could reduce the cost of reporting for schools.

Instruction Time: The bill changes the 180 instruction day requirement to 54,000 minutes of instruction time for grades 1-6 and 64,800 minutes of instructional time for grades 7-12. The bill could reduce local school expenditures depending on if a school chooses to reduce the number of instructional days in the school calendar. Schools spent about \$2.9 M per day to transport students to school during the 2014 school year. Schools might also have reduced utilities and school lunch expenditures if the number of days are reduced.

Bond Payments: The bill removes the requirement that bond payments must be nearly equal and paid at regular intervals unless the unit authorizes a different schedule to maintain equal payments. This provision could result in either an increase or reduction in interest expense for civil taxing units and school corporations that structure obligation repayments with uneven payments. The impact would depend on the elements of the specific debt issue. Under current law, debt obligations that are payable from property tax, special benefits tax, or TIF revenues must have payments that are nearly equal over the term of the obligation with some exceptions. The repeal of this provision will allow the issuer to decide how to structure its payments.

Repealers: The bill repeals various statutes, each of which could result in a minor reduction in school administrative costs.

Public Works: Removing the requirement that a local government awarding a public works contract to a bidder other than the lowest bidder must state in its minutes or memoranda the factors used to determine the bidder awarded the contract should have no fiscal impact.

School Accreditation: Making accreditation voluntary could reduce school expenditures.

Public Records Commission: The bill would eliminate the Public Records Commissions at the local level. The retention schedule of records would be determined by the local unit. The bill could reduce local units retention costs since they could decide the records that need to be retained.

Explanation of Local Revenues: *Public Information:* Search fees collected by counties, cities, towns, or townships would be deposited in the respective general fund.

School Bus Advertisement: The bill would allow schools to have paid advertisements on a school bus. The increased revenue would depend on the number of buses that acquire paid advertisements. There are about 28,752 school buses. Revenue would be deposited in the school corporation's transportation fund.

Estimated Free Textbook Assistance: See *Explanation of State Expenditures*.

State Agencies Affected: State agencies.

Local Agencies Affected: Civil taxing units and school corporations.

Information Sources:

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